

Statewide Factors with Impact

In addition to the factors above, a number of factors common to many agencies will also impact changes in expenditures over time.

Because the Arts Council serves Montana and its art community, personal service costs are the primary influence that drives expenditures. These factors include the state pay plan and benefits, workers' compensation, and unemployment insurance.

Other factors driving expenses include changes in statewide fixed costs such as inflation/deflation and the cost to maintain and remain current with technology.



Statutory References

The primary statutory references defining duties and responsibilities of the department are found at the following locations.

The Montana Arts Council is authorized by Title 22-2-101, MCA

The Cultural and Aesthetic Grant Program is defined in 15-35-108, and 22-2-304, MCA

22-4-401 through 408, MCA governs the Art for State Buildings

15-65-121 covers the Distribution of the Accommodations tax

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The Legislative Fiscal Division

Presents:

Profile of...

Montana Arts Council

State of Montana



Agency Profile

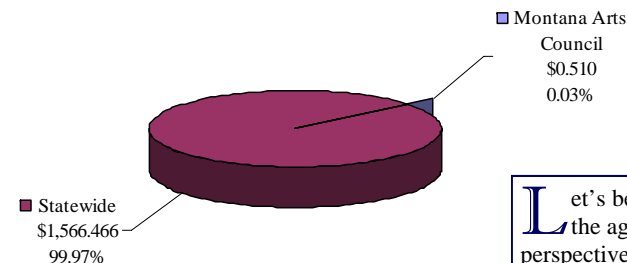
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This agency profile will discuss...

- structure and funding
- primary functions and
- historical expenditures

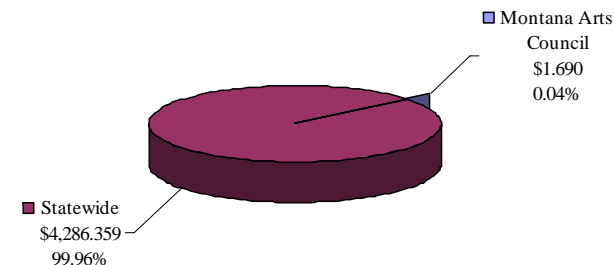
The profile also includes information on how decisionmakers can effect change in the agency's expenditures along with a listing of pertinent statistics. For an explanation of terms used in this profile, consult the "Background on the Agency Profiles" at: <http://leg.mt.gov/css/fiscal/default.asp>

General Fund Statewide Comparison
FY 2006 (In Millions)



Let's begin by putting the agency's size in perspective by comparing it to state government as a whole.

Total Funds Statewide Comparison
FY 2006 (In Millions)



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Section E
Education



What the Agency Does

The Montana Arts Council is authorized by Title 22-2-101, MCA to assist public and private institutions with artistic and cultural activities. The council encourages participation in, and appreciation of, the arts. The council fosters interest in the state's cultural heritage, and expands state cultural resources. The council administers the Cultural and Aesthetic Project grants, other grants approved by the legislature, and makes recommendations to the legislature on arts related issues.

The Council's offices are located in Helena, Montana on the third floor of the City-County Building.



How Services Are Provided

The Montana Arts Council provides these services through a structure consisting of one division with 7.00 FTE:

- Promotion of the Arts:
 - Artists in Schools and Communities Residencies Grants support residencies by professional working artists in schools and communities. Grant recipients must match the grant funds. The program is funded with federal and general fund.
 - Cultural and Aesthetic Project grants match funding for special projects, operational support, and capital expenditures. Cultural and Aesthetic (C&A) grants are available to cultural organizations and units of state, local, and tribal governments. Grants are awarded every two years. The council provides support for the C&A project advisory committee in reviewing grant applications. The advisory committee recommends a prioritized grant list to the legislature for funding. The legislature determines which organizations will receive grants, and the council awards the money as specified by the legislature. Grants are funded from the interest earned on the Cultural Trust, and, for awards in the 2005 biennium, some general fund. Section 15-35-108(6), MCA, allocates investment income, excluding unrealized gains and losses, from the Cultural Trust Fund for the protection of art in the state capitol and for cultural and aesthetic projects. The trust fund's corpus must remain intact.

Agency Functions, State Purposes, & Customers Served

The agency is structured to perform certain functions in support of general state government purposes. The following lists the major functions, purpose of provision of the functions, and primary customers served.

State Purposes	Major Agency Functions	Customers
<i>The preservation and enhancement of cultural resources including those related to education and recreation</i>	Provide grants and technical support to individuals and institutions to promote arts within the state.	Montana art community and general public



How the Legislature Can Effect Change

In order to change expenditure levels and/or agency activity, the legislature must address one or more of the following basis elements that drive costs.

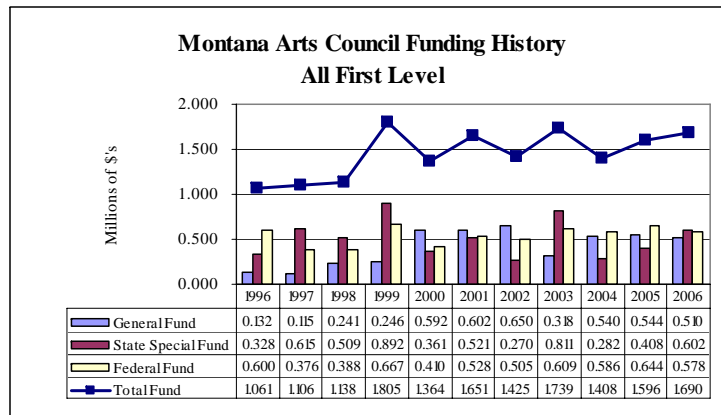
In order to change expenditure levels and/or activity, the legislature might address legislation:

- Governing the existence, definition, and funding of the Montana Arts Council
- Impacting the council staff such as consultation with and support of local communities; applying for, accepting and expending grant funds; and providing services for the educational community
- Relating to the Cultural Trust

The legislature is less likely to control:

- Federal legislation or funding for the arts
- Initiatives or legislation responding to citizen action
- Growth in web-based or long distance access to information and/or grant applications, or other changes in technology that serves the art community
- The number of Montana citizens needing this service from year to year
- Economic changes related to costs of utilities, rent, and transportation

Expenditure History



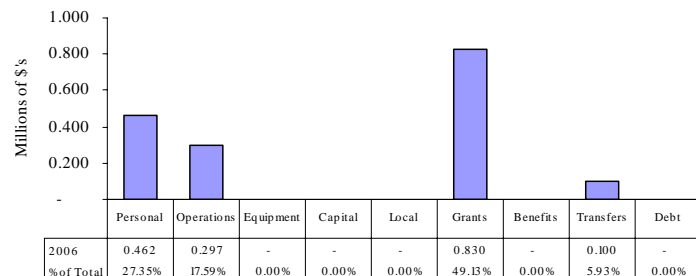
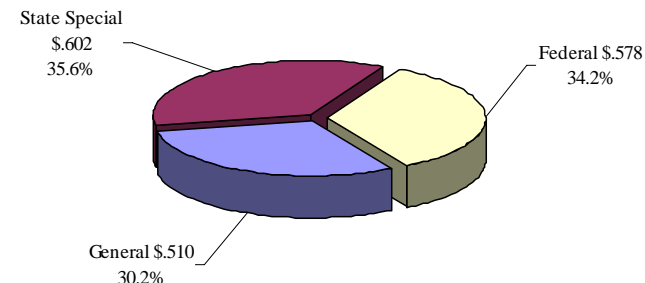
Reasons for Expenditure Growth/Change



- General Fund – the average growth rate for general fund expenditures was 14.5 percent for the period of 1996 through 2006, primarily because the legislature used one-half of the balance in the Cultural and Aesthetics Trust Fund to purchase Virginia and Nevada cities. The reduction in principal and reduced interest earnings was replaced with general fund.
- State Special Fund – the expenditures funded by state special funds increased by 6.2 percent overall for the period of 1996 through 2006. Changes from year to year are mostly due to the reduction of the Cultural and Aesthetics Trust Fund described in the preceding paragraph and the subsequent reimbursement of the majority of the funds used to purchase Virginia and Nevada cities in FY 2006.
- Federal Fund – federal funds vary depending upon grants received from the National Endowment for the Arts, which primarily fund grants to Montana communities.

- Organizational Excellence Grants award dollar-for-dollar matching funds to Montana organizations or institutions in support of operating expenses. They are awarded every two years, and funded with federal fund.
- Touring company fee support helps Montana groups tour throughout the state and ensures their participation in rural areas. Fee support is funded with general and federal fund. Groups provide dollar-for-dollar matching funds.
- Opportunity Grants help artists or organizations respond to emergencies or opportunities. This program is funded with federal fund. Grant recipients provide dollar for dollar matching funds.
- Professional development grants are given throughout the year to enable the council to respond to artists', organizations' or teachers' professional development needs. This program is funded with a combination of general and federal special revenues. A dollar for dollar match is required.
- Montana Folklife Program is part of the council's long-range strategy to identify, encourage, promote and document the folklife and traditional arts made in Montana,. The program supports traditional and native arts and cultures throughout the state. It is funded from the interest earned on the Cultural Trust.
- Montana Arts Council Folk and Traditional Arts Apprenticeship Program provides awards to master artists to teach their skills to apprentices. Federal funds support this program.
- Percent for Art Program acquires art for state buildings as part of the



Montana Arts Council History
All Funds FY 2006Montana Arts Council Funding History
All First Level FY 2006

How Services Are Funded



General Fund

- General fund is used to fund administration, legislative audit costs, general art programs in rural schools and communities, and additional Cultural and Aesthetic Grants funds.

State Special Funds

- Interest earnings from the Cultural and Aesthetic (C&A) Trust Fund support C&A grants, related council costs, and the Folklife program
- Percent for Arts allocations from appropriations for construction of state buildings

Federal Funds

- National Endowment of the Arts (NEA) is used to fund grants and related administration for specific art projects that meet certain qualifications. Eligible projects include: creativity, organizational capacity, access, arts learning and heritage/preservation.

Related Data & Statistics



Element	1994	2006	Significance of Data
Staff serving the state	11	7	Decreased funding or increased personnel services costs
Grant programs	12	7	Restructured programs to better serve cultural and artistic community
Conferences, other programs and services	9	4	Funding cuts forced reduction – less service to communities and schools
Arts Education - Services to communities and children served	65 – 31,600	187 – 23,100	Greater partnerships with rural arts groups – more schools served in fewer metro areas
Arts Education - Rural programs and counties served	32 - 15 counties	146 – 36 counties	Reflects better outreach to eastern Montana
MAC grants & awards	140 - \$572,503	149 - \$516,000	Increased need and workload / less money to grant
C&A grants funded	99	82	Less funding, fewer awards
C&A grant awards	\$1,332,255	\$792,925	Decrease funding
C&A amount requested	\$3,269,000	\$2,097,103	Limited funding = scaled back requests